GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4175
ANSWERED ON:11.08.2017
Concession on Recovery of Loan
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has provided concession on the recovery of agricultural loans in various States during the last three years;
(b) if so, the details thereof and the number of farmers benefited by it; and
(c) the details of the loans recovered from farmers owning land upto five acres or more during the said period?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): With a view to providing short term crop loans to farmers at a reduced rate of interest, Government in the Department of Agriculture, Cooperation and Farmers' Welfare (DAC&FW) implements an Interest Subvention Scheme. Under the Scheme, interest subvention of 2% per annum is provided to lending institutions viz. Public Sector Banks, Private Sector Commercial Banks (in respect of loans given by their rural and semi urban branches only), Regional Rural Banks and Cooperative Banks on use of their own resources for short term crop loans uptoRs. 3.00 lakh per farmer to enable the lending institutions to provide short term crop loans at the ground level at 7% per annum to farmers. Under the above scheme, with a view to encouraging the farmers to repay in time, an additional subvention of 3% is given as prompt repayment incentive, thereby reducing the effective rate of interest to 4% p.a.

Post demonetisation, the Government has taken the following measures relating to recovery of agriculture loans:
i. The Government decided that an additional grace period of 60 days for prompt repayment incentive @ 3% will be provided to such of the farmers whose crop loans dues fell due between 01/11/2016 to 31/12/2016 and if such farmers repaid the same within 60 days from their due date in this period.
ii. The Government also decided to grant interest waiver for two months (November and December, 2016) for all short term crop loan availed from Cooperative Banks between 01.04.2016 to 30.09.2016 and upfront deposit of the same in the accounts of the concerned farmers.

RBI has reported that details of loan recovered from farmers are not held by them centrally. National Bank for Agriculture & Rural Development (NABARD) has reported that the outstanding/ recoverable agricultural loans (crop loans and term loans) in respect of farmers owning land upto five acres or more as on 31 March 2017 stood at ? 14,36,799.49 crore (provisional).